Federal Resources

John W. Losse, Jr.
PRESIDENT-MINING DIVISION

Federal Resources Corporation

57 West South Temple Suite 480
P.O. Box 806, Salt Lake City, Utah 84110
801 355-7260 Fax: 801 521-6400

June 14, 1991

Mr. William J. Weis
U.S. Environmental Protection
Region 9, Field Operations
75 Hawthorne St. (Mail stop H-8-3)
San Francisco, CA 94105

Dear Mr. Weis:

As requested, I enclose copy of a diagram showing the predecessor companies, distributions and mergers which have led to Federal Resources Corporation (Nevada) as survivor.

I have discussed our conversation with three former directors of Federal who have some recollection of events which took place in the early and mid - 1950's. Unfortunately, operating and geology staff persons of that era - Lee Meserly, Robert B. Schick, Norman Williams and Ralph Neyman - are all deceased. The president of Federal during the 1958-1982 period is also deceased. This office has no operating files, minutes or merger documents which go back to that period, apart from the diagram noted above, along with stockholder lists for several of the entities listed there. One of the functions of this office is to authorize exchange of predecessor shares when presented.

One of the former directors, Donald V. Peters, stated to me that his recollection is that after the 1955 mergers, which included Santa Fe Uranium Company (Utah), all operations in New Mexico were halted and all equipment was sold, often at distress prices.

We expect to be able to send you copies of Form 10-K reports of Federal Resources Corporation within the next two weeks or so.

Very truly yours,

FEDERAL RESOURCES CORPORATION

by John W. Losse, Jr.
John W. Losse, Jr.
Vice President

JWL:glp

25 for 1 Federal 1¢ par
Ur. Corp (VT)
Merged into Fed. Ur. Corp (VT) 25¢ par

FEDERAL RESOURCES CORPORATION

Predecessor Companies, Federal Uranium Corp., Nevada

Federal Uranium Corporation - Utah	2 for 1
Fourteen Group, Inc., New Mexico	1/11 for 1
Uranium Prospectors, Inc., Nevada	2 for 1
Interstate Uranium, Inc., Utah	160 for 1
Santa Fe Uranium Company, Utah	44 for 1
U & I Uranium Corporation, Idaho	12-1/2 for 1
Utida Uranium Company, Inc., Idaho	13-1/3 for 1
Western States Uranium, Inc., Utah	400 for 1
Howell Mining Company, Utah	25 for 1
Kentucky-Utah Mining Company, Utah	10 for 1

Bell Canyon?
Colorado JV?

Uranium Ore of Utah
1 for 1 into UTIDA

Merger
Apr. 27,
1955

50¢ Par

Federal Uranium Corp., Nevada
Scrip Issued-Convertible to 4-22-57
Scrip Shares Sold 4-22-59-Proceeds
Distributable to 10-22-59

Elk Ridge Uranium Company, Utah
3-1/2 for 1
Script Issued-Convertible to 1-25-58
Script Sold 1-25-58-Proceeds Distributable
To 7-25-60

Merger
Jan. 25, 1956

Distribution
To Stockholders
April 20, 1956

Radorock Resources, Inc., Nevada
1/2 Share for 1 Federal-1/2 Shs. Issued

Merger
April 30, 1959

Merger
Apr. 30,
1960

Federal Resources Corp., Nevada
Formerly Federal Uranium Corp.
1 Share for 1, Both companies

Predecessor Companies, Chesapeake & Colorado, Nevada

Jacob's Chair Mining Corp., Nevada	* 1 for 1.0454086
Chesapeake & Colorado Corp., Delaware (1)	50 for 1
Nuclear Magnetic Mining, Inc., Florida	7.854286 for 1
Silver Sage Oil & Mineral Co., Wyoming	9.30691352 for 1
Western Oil & Gas Co., Wyoming	1 for 2.62821959

*Same Basis Common & Preferred
No Fractional Shares Issued
(1) Organized Chesapeake & Colorado Uranium Corp., Delaware

Merger
Dec. 2,
1957

Chesapeake & Colorado Corp., Nevada
Formerly Jacob's Chair Mining Corp.
Dec. 2, 1957. Name Changed to:
Chesapeake & Colorado Corporation
April 30, 1959. Name Changed to:
Radorock Resources, Inc.
3-1/4 Shares for 1 Chesapeake
No Fractional Shares Issued

Merger
Apr. 30,
1960

3/17/1
0099960
FEDERAL RESOURCES CORPORATION
57 WEST S TEMPLE STE 410
SALT LAKE CITY, UT 84101

TELEPHONE: 801-355-7260

DUNS NUMBER: 00-793-8889

PRIMARY SIC:	1021	(Copper ores)
SECONDARY SIC:	1041	(Gold ores)
	1044	(Silver ores, nsk)
	1031	(Lead-zinc ore mining)

YEAR STARTED: 1955

EMPLOYEES TOTAL:	8	ANNUAL SALES ($):	400,000
EMPLOYEES HERE:	4		

THIS IS:

A HEADQUARTERS LOCATION
HISTORY:
12/06/90

SCOTT A BUTTERS, PRES
JOHN W LOSSE, V PRES-TREAS
MELISSA BERKOWITZ, SEC
PAUL E HANNESSON, STOCKHOLDER
DIRECTOR(S): The officers identified by (+) and Bentley J Blum.

The company's stock is traded over the counter. There are 15, shareholders.

Business started 1955 by investors. 42% of capital stock is owned Bentley J Blum. 14% of capital stock is owned by Paul E Hannesson. 1% capital stock is owned by John P Kotts. 1% of capital stock is owned John W Losse. 42% of capital stock is owned by the general public.

SCOTT A BUTTERS born 1955. 1980 and continues here. 1976-79 atten and graduated with an MBA degree from University of Utah.

JOHN W LOSSE born 1916. Graduated from Washington University, Louis, MO with a BS degree in business administration 1937. Gradua Harvard School of Business with an MBA degree in 1939. 1939-41 and 1945 J W Losse Tailoring Co, St Louis, MO secretary-treasurer; 1941 s interest with no loss to creditors. 1941-45 United States Navy. 1955 Uranium Reduction Co, Salt Lake City, UT secretary-treasurer. 1962-65 At Minerals, Salt Lake City, UT vice president of finance. 1965-70 Ameri Zinc Co, St Louis, MO vice president finance. 1970-71 Conrad Inc, St Lou MO vice president finance. 1971 and continues here.

MELISSA BERKOWITZ. Not active here, active in Bentley Blum's offic

PAUL E HANNESSON, not active here. An investor residing in New Yo 1979-82 senior vice president and Chief Financial Officer of Overhead D Corporation, a New York Stock Exchange listed company located in Dall TX, engaged in the manufacture of products for the transportation construction industry. Prior to, was a group vice president and Ch Financial Officer of Slaughter Brothers Inc, a lumber produ manufacturer, located in Dallas, TX.

BENTLEY J BLUM, not active here. An investor residing in New Yo NY. Chief Executive Officer of Berkshire Coal Corporation.

On Jun 27 1989 the company's subsidiary, Kenyon Home Furnishings, filed a voluntary petition under Chapter 7 of the United States Bankrup Code, case #B89-01438. The petition was filed in the United Sta Bankruptcy Court for the Middle District of North Carolina.

OPERATION:
12/06/90

Mining of copper, gold, silver and zinc (100%) through susidiaries. Sells for cash 80% balance net 60-90 days. Has 20 accoun Sells to smelters and equipment manufacturers. Territory : United Sta and Canada. Nonseasonal.

EMPLOYEES: 8 including officers. 4 employed here.

FACILITIES: Rents 1,000 sq. ft. in eight story brick building in g condition.

LOCATION: Central business section on main street.

SUBSIDIARIES: All subsidiaries are wholly owned.

1. Camp Bird Colorado Inc, Ouray, CO (100%). Silver, gold, lead zinc mining. Acquired 1963, currently held for sale (inactive).

2. Madawaska Mines Ltd, Bancroft, Ontario, Canada (100%). Uran mines. Started 1971 (inactive).

3. Pratt Coal Co, Salt Lake City, UT (100%). Coal rights under le to adjoining operator. Started 1971 (inactive).

Intercompany relations: Consist of limited management services. Th are no guarantees. Mining operations are inactive.

THE FOLLOWING INFORMATION IS NOT OFFICIAL. CERTIFIED COPIES
MUST BE OBTAINED FROM THE NEVADA DEPARTMENT OF STATE.

Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION -104 Valid thru: 02/19/91

Item Number: 1 702 - 687 - 5105
- 687 5203

FEDERAL RESOURCES CORPORATION

Corp No: 11-55 Domestic Date: 01/04/1955

Corp Type: PERPETUAL REGULAR

Incorporated in: NEVADA

Status: CURRENT LIST OF OFFICERS ON FILE as of 12/20/1990

Mailing Address..: NO ADDRESS INFORMATION ON FILE
PAGE 1 - press ENTER for next page, C for current, Q to quit:

THE FOLLOWING INFORMATION IS NOT OFFICIAL. CERTIFIED COPIES
MUST BE OBTAINED FROM THE NEVADA DEPARTMENT OF STATE.

Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION Valid thru: 02/19/91
Registered Agent Information

Registered Agent Status: RESIDENT AGENT ACCEPTED

THE FOLLOWING INFORMATION IS NOT OFFICIAL. CERTIFIED COPIES
MUST BE OBTAINED FROM THE NEVADA DEPARTMENT OF STATE.

Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION   Valid thru: 02/19/91
Registered Agent Information

Registered Agent Status: RESIDENT AGENT ACCEPTED

Assigned Date: 07/01/1975   Resigned Date:

CORPORATION TRUST CO OF NEVADA
SUITE 1600
ONE EAST FIRST ST
RENO NV 89501

PAGE 2 - press ENTER for next page, P for prior, C for current, Q to quit:

THE FOLLOWING INFORMATION IS NOT OFFICIAL. CERTIFIED COPIES

MUST BE OBTAINED FROM THE NEVADA DEPARTMENT OF STATE.

Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION Valid thru: 02/19/91
Officer/Director Information

Officer/Director Count: 3

ANNUAL LIST OF OFFICERS 91 - 92 Filed on 12/20/1990

Assigned Date: 01/19/1984 Resigned Date:

SCOTT A. BUTTERS
PRESIDENT
PO BOX 806
57 WEST SOUTH TEMPLE
SALT LAKE CITY UT 84110

Assigned Date: 01/19/1984 Resigned Date:
PAGE 3 - press ENTER for next page, P for prior, Q to quit:

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Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION Valid thru: 02/19/91
MELISSA C. BERKOWITZ
SECRETARY
34TH FL. 150 E. 58TH ST.
NEW YORK NY 10155

Assigned Date: 01/19/1984 Resigned Date:

JOHN W. LOSSE, JR.
TREASURER
SUITE 410
57 W. SOUTH TEMPLE

SALT LAKE CTY UT 84101

PAGE 4 - press ENTER for next page, P for prior, Q to quit:

THE FOLLOWING INFORMATION IS NOT OFFICIAL. CERTIFIED COPIES
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Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION Valid thru: 02/19/91
Other Information

Ref No: 955000110

STATUS DATES INFORMATION

Sixty day date as of.....
Current Annual Date as of 12/20/1990
Delinquency Date as of... 02/01/1990
Revocation Date as of....
Reinstatement Date as of.
Dissolution Date as of...
Perman't Revke Date as of
Name Consent Date as of..
Latest Date as of........ 12/20/1990

PAGE 5 - press ENTER for next page, P for prior, Q to quit:

THE FOLLOWING INFORMATION IS NOT OFFICIAL. CERTIFIED COPIES
MUST BE OBTAINED FROM THE NEVADA DEPARTMENT OF STATE.

Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION   Valid thru: 02/19/91
    Restore Date as of.......

    Liability Status: CORPORATION HAS LIMITED LIABILITY

Original Incorporation Information

Dollar Value............:	$2,000,000
Par Share Count.........:	0
Par Value...............:	$0.010
No Par Share Count......:	0
No. of Beginning Chapter:	0.000
No. of Ending Chapter...:	0.000

    NO GAMING ACTIVITY

    Corporate Purpose: MINING

PAGE   6 - press ENTER for next page, P for prior, Q to quit:

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MUST BE OBTAINED FROM THE NEVADA DEPARTMENT OF STATE.

Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION Valid thru: 02/19/91
History Information

Number of pages filed: 0

***** PREVIOUS OFFICERS LISTING *****

Previous Status.........: CURRENT LIST OF OFFICERS ON FILE
Previous Thru Date......: 12/20/1990
Previous Type...........: ANNUAL LIST OF OFFICERS
Previous Year End.......: 1991
Previous no. of Officers: 4

SCOTT A. BUTTERS
PO BOX 806
57 WEST SOUTH TEMPLE

PAGE 7 - press ENTER for next page, P for prior, Q to quit:

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MUST BE OBTAINED FROM THE NEVADA DEPARTMENT OF STATE.

Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION Valid thru: 02/19/91

SALT LAKE CITY UT 84110

MELISSA C. BERKOWITZ
34TH FL. 150 E. 58TH ST.
NEW YORK NY 10155

MORE OFFICERS/DIRECTORS ON LIST

***** AMENDMENT INFORMATION *****

No. of Amendment Recs: 18

01/21/1955   OTHER AMENDMENT
CERTIFICATE OF AMENDEMENT
04/27/1955   MERGER
PAGE   8 - press ENTER for next page, P for prior, Q to quit:

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MUST BE OBTAINED FROM THE NEVADA DEPARTMENT OF STATE.

Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION   Valid thru: 02/19/91
AGREEMENT OF MERGER: MERGING FEDERAL URANIUM CORPORATION, (A UTAH CORP.),
SEVERAL OTHER CORPS. INTO THIS CORP...

01/25/1956   MERGER
AGREEMENT OF MERGER: MERGING ELK RIDGE URANIUM COMPANY, (A UTAH CORP.), IN
THIS CORP...

10/29/1958   OTHER AMENDMENT
CERTIFICATE OF AMENDMENT TO ARTICLES OF INC.

05/02/1960   MERGER
AGREEMENT OF MERGER: MERGING RADOROCK RESOURCES, INC. INTO THIS CORP...NAM
CHANGE PURSUANT TO MERGER...

05/02/1960   CHANGED NAME FROM
PAGE   9 - press ENTER for next page, P for prior, Q to quit:

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MUST BE OBTAINED FROM THE NEVADA DEPARTMENT OF STATE.

Detail Display of Corporate Data for Nevada
For: FEDERAL URANIUM CORPORATION Valid thru: 02/19/91
FEDERAL URANIUM CORPORATION

02/22/1982 CHANGE CAPITAL
CAPITAL STOCK - WAS $2,500,000.00 - 5,000,000 @ .50

02/22/1982 MERGER
CERTIFICATE OF OWNERSHIP MERGING SOFTWARE RESOURCES, INC. (A UTAH CORP) INT
THIS CORP

11/09/1982 MERGER
CERTIFICATE OF OWNERSHIP MERGING CAN-FED RESOURCES CORPORATION (A NEV CORP
#650 67) INTO THIS CORP

03/08/1984 CHANGE CAPITAL
CAPITAL STOCK WAS: $15,000,000.00 = 30,000,000 @ $.50
PAGE 10 - press ENTER for next page, P for prior, Q to quit:

THE FOLLOWING INFORMATION IS NOT OFFICIAL. CERTIFIED COPIES

FAX TRANSMISSION

To	Name:	Scott Butters & Jack Losse	
	Organization:	Federal Resources Corp	
	Mail Stop:	~~[illegible]~~	
	FAX No.:	Area Code	Number 801 - 521 - 6400
	Verification No.:	Area Code	Number

From	Name:	William J. Weis	
		U.S. Environmental Protection Region 9, Field Operations 75 Hawthorne Street San Francisco, California 94105 H-8-3	
	Division / Branch (mail stop):	FOB / ERS / Superfund	
	Phone No.:	Area Code 415	Number 415 744 - 2297
	Fax No.:	Area Code 415	Number 744 - 1916 FTS 484 - 1916

Pages	(Including cover)	3
Subject	MAP OF HAYSTACK MOUNTAIN	
Note	JUNE 11, 1991	

\\info-mgt\faxsheet.pm3 - revised 12/17/90 [1]

Federal Resources

John W. Losse, Jr.
PRESIDENT-MINING DIVISION

Federal Resources Corporation

57 West South Temple Suite 480
P.O. Box 806, Salt Lake City, Utah 84110
801 355-7260 Fax: 801 521-6400

August 6, 1991

Mr. William J. Weis
U.S. Environmental Protection
Region 9, Field Operations
75 Hawthorne St. (Mail Stop H-8-3)
San Francisco, CA 94105

Dear Mr. Weis:

Pursuant to my letter dated June 14, 1991, enclosed please find Federal Resource Corporation's Form 10-K for the year ended December 31, 1990. Form 10-K's for 1988 and 1989 have also been filed but provide no significant additional information.

Very truly yours,

FEDERAL RESOURCES CORPORATION

by John W. Losse, Jr.
John W. Losse, Jr.
Vice President

WEIS86

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15 (d) of
the Securities Exchange Act of 1934

For the Fiscal Year
Ended December 31, 1990

Commission File Number 1-5021

FEDERAL RESOURCES CORPORATION
(Exact name of Registrant as specified in its charter)

Nevada	87-0224568
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
150 East 58th Street, 34th Floor, New York, New York	10155
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (212) 935-5033

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock $.01 Par Value	None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES__ NO X

The aggregate market value of the voting stock of registrant held by non-affiliates as of December 31, 1990 is unknown as the registrant's stock was not trading at that date.

As of December 31, 1990, there were 35,358,766 shares of registrant's $.01 par value Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Pursuant to General Instruction G of Form 10-K, the following documents are incorporated herein by reference:

NONE

TABLE OF CONTENTS

PART I

As described in the Company's Amended Form 10-K for the year ended December 31, 1988, it was determined, in May 1989, that a material fraud relating to the wholly owned subsidiary, Kenyon Home Furnishings, Ltd. ("Kenyon"), had been perpetuated by certain officers and employees of Kenyon over a several year period. Federal Resources Corporation ("Federal" or the "Company") had acquired all of the outstanding common stock of Kenyon on April 29, 1988. The fraud occurred both before and after the acquisition of Kenyon by Federal.

On June 2, 1989, the Company announced that the consolidated financial statements of Federal included in its Annual Report on Form 10-K as referenced above and the financial statements of Federal included in its Quarterly Reports on Form 10-Q for the quarters ended June 30, 1988, September 30, 1988 and March 31, 1989 should not be relied upon. The financial statements of Kenyon dated April 29, 1988 and included in Federal's Current Report on Form 8-K dated April 28, 1989 also should not be relied upon.

Federal also announced that its independent auditors and the prior independent auditor for Kenyon had informed Federal that the respective reports of such auditors, where applicable, on the foregoing financial statements should not be relied upon or associated with such financial statements.

At the time of the Kenyon fraud discovery, Federal had announced its intention to sell its common stock interest in Mid-West Spring Manufacturing Company, a subsidiary engaged in the manufacture and distribution of specialty springs. In addition, the Company's Board of Directors had authorized a spin-off pursuant to which its consumer retail business (New Generation, Inc.) and its mining operations would have been transferred to a newly formed subsidiary. It was intended that the stock of this newly formed subsidiary would have been distributed to the Company's common stockholders. Had these transactions occurred, the Company's operations would have consisted solely of the furniture manufacturing and distributing activities of Kenyon.

Because of the Kenyon fraud, the sale of Mid-West Spring on June 22, 1989, and the sale of New Generation on December 29, 1989 (as further described herein), the following narrative concerning these discontinued operations of the Company has been reduced in length.

The 1988 Amended Form 10-K, the 1989 Form 10-K, and this 1990 Form 10-K are being filed simultaneously.

ITEM 1: BUSINESS

Federal Resources Corporation is the successor to a Nevada Corporation formed in 1955. From 1955 to 1982, Federal was principally engaged in the business of acquiring, exploring and developing mining properties located in the United States and Canada, including uranium, lead, zinc, gold, silver, copper and coal properties. Due to adverse market conditions that made its mining operations unprofitable, Federal substantially curtailed all such operations in 1982. Since 1982 the Company, as a result of certain acquisitions made in 1986, 1987 and 1988, has operated in four principal business segments: natural resources, light industrial manufacturing, retail operations and furniture manufacturing.

REORGANIZATION OF THE COMPANY--DISCONTINUED OPERATIONS

In February 1989, the Company announced its intention to sell its spring manufacturing subsidiary. Federal's interest in the subsidiary was held through a 100% common stock interest in Mid-West Spring Holding Corporation ("M-WS Holding"). The subsidiary was engaged in the manufacture and distribution of specialty precision springs. The sale of the subsidiary was completed on June 22, 1989 for $24,720,000. Proceeds to the Company, net of M-WS Holding debt repayment and transaction costs, were $4,686,000 in cash and a subordinated note receivable for $1,400,000. Federal also received a warrant to purchase 3% of M-WS Holding's acquirer and a warrant to purchase an additional 3% if the subordinated note receivable is not paid by December 31, 1992. As described herein, this subordinated note receivable has been assigned to a bank in settlement of a debt of the Company. Federal realized a gain in the year ended December 31, 1989 of $3,370,749 from the sale of M-WS Holding.

On December 29, 1989, the Company sold its consumer electronics subsidiary, New Generation, Inc. ("New Generation"), to a company formed by Federal's former President and New Generation management. Net proceeds from the sale included a $990,000 10.25% subordinated note receivable from the buyer and the buyer's assumption of $1,100,000 of Federal's debt to a bank. Federal had borrowed $2,500,000 from the bank in February 1989 primarily for working capital of New Generation. With the sale, Federal assigned a $1,400,000 subordinated note receivable to the bank in full satisfaction of the remaining $1,400,000 of Federal's indebtedness to the bank. Federal realized a gain for the year ended December 31, 1989 of $3,545,219 from the sale of New Generation.

REORGANIZATION OF THE COMPANY--INVESTMENT (LOSS) IN UNCONSOLIDATED SUBSIDIARY

As previously stated, on April 29, 1988, the Company acquired all of the outstanding common stock of Kenyon Home Furnishings, Ltd., in exchange for cash of $500,000; 4,500,000 shares of Federal common stock; a $4,500,000 subordinated note payable and a $1,400,000 obligation payable in 1990.

In May 1989, it was determined that a material fraud had been perpetrated by certain officers and employees of Kenyon over a several year period. After the detection of the fraud, Kenyon filed Chapter 7 bankruptcy. The bankruptcy trustee and various law enforcement agencies have all documents and supporting evidential matter about the financial condition, operations and transactions of Kenyon. The Company is unable to obtain the necessary evidential matter to reconstruct the financial statements concerning Kenyon's assets, liabilities and operations. Because of the fraud, subsequent bankruptcy and liquidation, the acquisition of Kenyon has been recorded as an unconsolidated subsidiary. At December 31, 1988, the entire investment in Kenyon was written off and an estimated reserve of $495,000 was established to cover estimated losses arising from the fraud and bankruptcy of Kenyon. At December 31, 1989 the remaining balance of the reserve was $297,030, and at December 31, 1990 the entire reserve balance was utilized. It is not known at this time what additional funds may be spent to cover the continuing litigation and other costs relating to the Kenyon fraud and bankruptcy.

The Company is a defendant in litigation brought by the Trustee of the Kenyon Bankruptcy. The Trustee is alleging preferential transfers and fraudulent conveyances by Kenyon to the Company and seeks to recover approximately $1.7 million. Management denies it is liable to the Trustee and is vigorously defending this suit.

Employees of Federal

At December 31, 1990, the continuing operations of Federal employed four people, as follows: two full-time and two part-time people were employed at the Company's offices in Salt Lake City, Utah. The Company believes that labor relations with its employees are good.

Mining Operations
Camp Bird Properties

Camp Bird Colorado, Inc. ("Camp Bird"), a wholly owned subsidiary of Federal, owns gold and silver mining properties located in Ouray and San Miguel Counties, Colorado. The properties include a 500-ton per day flotation mill and related facilities, 144 patented mining claims, 13 patented mill site claims, 149 unpatented mining claims, and the Camp Bird tunnel and underground workings. In addition, Camp Bird owns all of the outstanding capital stock of Camp Bird Tunnel, Mining & Transportation Company. In the past, the Camp Bird mine and mill has produced gold and silver in concentrates, together with varying amounts of non-ferrous metals such as copper, lead and zinc. From October, 1981 through July 1984, Camp Bird suspended operations due to low metal prices. Operations were reactivated on a very limited basis in July, 1984.

On August 14, 1986, Camp Bird entered into a lease and option agreement (the "Lease") with Chipeta Mining Corporation, a Delaware corporation, Royal Gold, Inc., a Delaware corporation, and Ouray Venturers, Inc., a Colorado corporation (collectively "Lessees").

Pursuant to the terms of the Lease, the Lessees took over operations of the Camp Bird properties. During the Lease Period (as defined in the Lease) the Lessees paid four quarterly principal payments of $11,250 and were required to (i) pay the interest obligation of the Company's related bank loans, (ii) expend no less than $83,000 per month for exploration on the properties and (iii) pay a minimum recoupable advance royalty of $2,000 per month. The Lease also provided the Lessees with an option to purchase the properties.

On April 22, 1990, the Lessees terminated the Lease and Option to purchase the Camp Bird properties. The Camp Bird properties are currently for sale.

Mining Operations
Lordsburg, New Mexico Properties

The Lordsburg Properties are located in Hidalgo County, New Mexico. The holdings encompass approximately 12,000 acres and include the Banner Mine patented and unpatented mining claims, leases on contiguous properties, an inactive 450 ton-per-day flotation mill, and ancillary facilities.

As of September 1, 1987, the Company entered into a Purchase Agreement with Westar Corporation, an Idaho Corporation ("Westar") pursuant to which Westar agreed to acquire the Lordsburg properties for $1,950,000. The Company received $50,000 in cash at the closing and 240,000 shares of Westar restricted common stock, with a guaranteed value of $360,000. The stock was to be registered within six months. The remainder of the purchase price was to be paid in four quarterly installments of $175,000 beginning March 1, 1988, with the balance to be paid, at Westar's option, by (a) a lump sum payment of $740,000 (resulting in a $100,000 discount on the purchase price) or, (b) by the delivery of five promissory notes in equal principal amounts of $168,000, with interest at 10% payable quarterly beginning March 1, 1989. In addition, Federal would have been entitled to receive royalties from the operation of the Lordsburg Properties.

Westar made only the initial payment of $50,000 and a $35,000 partial payment on the $175,000 installment that was due March 1, 1988 following the terms of the Purchase Agreement. All of the cash consideration received pursuant to this Purchase Agreement was applied by Federal to its mining division bank debt.

On October 25, 1988, Westar filed for protection under Chapter 11 of the U.S. Bankruptcy Code. On February 7, 1990, the properties were returned to Federal by a stipulation in the U.S. Bankruptcy Court. Westar tendered a quitclaim deed to Federal, quitclaiming all right, title, and interest that Westar may have held in the properties to Federal.

Effective as of September 1, 1990, Federal entered into a Venture agreement with Goldfield-Hidalgo, Inc., a Florida Corporation ("Goldfield"). The purpose of the venture is to facilitate exploration, development, mining and milling at the properties. Federal contributed the properties to the venture and Goldfield's contribution is to provide the working capital and management expertise to bring about production from the properties. The venture operates as The Lordsburg Mining Company and is marketing flux materials (which contain varying gold, silver and copper values) to smelters in the area of the property. Any proceeds that Federal may receive from the Venture are pledged to the Company's banks as security for obligations owed to the banks.

Mining Properties

Madawaska Mines Properties

The Madawaska Mines Limited--Consolidated Canadian Faraday Limited (now Faraday Resources, Inc. ("FRI")) Joint Venture ("MML/FRI Joint Venture") was formed in 1980 to mine, mill and sell uranium concentrates mined from its properties. The MML/FRI Joint Venture had a contract to sell concentrates to AGIP Nuclear International, Ltd. ("AGIP"), an agency of the Italian government. The Madawaska properties are located near Bancroft, Ontario, Canada. Madawaska Mines Limited ("Madawaska"), a Canadian corporation, and wholly owned subsidiary of the Company owns 51% of the MML/FRI Joint Venture. In March, 1982, the MML/FRI Joint Venture agreed to end the contract pursuant to which it sold uranium concentrates to AGIP. In connection with the termination of this contract, AGIP made a payment to the MML/FRI Joint Venture, of which the Company received $1,731,000 Cdn. Madawaska originally treated this payment as a non-taxable return of capital but Revenue Canada and the Ontario Ministry of Revenue have treated this payment as a capital gain. The Company has established reserves totaling $944,000 for the liability of the tax assessment, including interest and other costs of $479,000. The MML/FRI Joint Venture mining properties have been under the direction of FRI since July 1982.

Since July, 1982, the MML/FRI Joint Venture has been working with various agencies of the Canadian government to obtain approval of reclamation and decommissioning plans and, to date, has obtained substantial qualified approval of the reclamation of the tailing ponds and decommissioning of its mine and mill facilities. The MML/FRI Joint Venture was initially required to monitor the effluent from its tailing ponds for contamination of nearby water sources for five years from 1983. The MML/FRI Joint Venture has informally agreed with the Canadian Atomic Energy Control Board to continue monitoring the water in the lake on the property for an unspecified additional period. As the manager of the MML/FRI Joint Venture mining properties, FRI retained at times more than $5,000,000 Cdn. of the MML/FRI Joint Venture funds to pay the costs of reclamation and decommissioning. Distributions totaling $3,546,828 Cdn. have been made from time to time to FRI and to the Company, of which the Company received a 51% share. At December 31, 1990, the available funds to complete the reclamation and decommissioning were approximately $450 Cdn.

According to the agreements that it has entered into with its banks, Federal will try to liquidate its interest in the properties that are owned by the MML/FRI Joint Venture. Federal will be entitled to receive 51% of the proceeds of any sale of the underlying real estate at the mine after decommissioning and abandonment is approved. Although reserves of $944,000 have been provided to account for the above noted tax obligation, the Company believes that Madawaska's assets will ultimately be enough to pay its Canadian tax obligations. The financial statements do not reflect any value for real estate owned by Madawaska.

In 1986, the Company obtained a $1,000,000 letter of credit from its banks. The letter of credit was obtained as security for funds distributed to Madawaska and Faraday by the Joint Venture. Withdrawals pursuant to the letter of credit are payable to Faraday. The purpose of the letter of credit is to fund Madawaska's share of costs associated with obtaining a certificate of decommissioning on the Joint Venture's mine. The letter of credit terminates upon the issuance of a certificate of decommissioning by the appropriate regulatory authority. As of June 1, 1991, no draws have been made against the letter of credit by Faraday.

Mining Properties

Pratt Coal Properties

Pratt Coal Co. ("Pratt"), a Nevada Corporation, is a wholly owned subsidiary of Federal. Pratt owns coal mineral rights located in Alabama that Federal believes contain limited coal reserves. The Company has never developed this property and has no plans for doing so in the foreseeable future. The Company has leased the Pratt coal rights to the operator of an adjoining property and, following its agreements with its Banks, will apply the proceeds (if any) therefrom to the Company's outstanding bank indebtedness or, subject to the Bank's consent, to administrative costs. The Company has retained a 3.6% royalty interest in the properties.

Environmental Regulation of Mining

In connection with its mining operations, the Company must follow various federal, state and local provisions regulating the discharge of materials into the environment and other environmental matters. The Company does not expect that such compliance will have a material impact on its earnings or competitive position. The Company made no material capital expenditures for environmental control facilities in the fiscal year ended December 31, 1990.

Through its joint venture partner, Faraday Resources, Inc., Federal is now working with various Canadian government agencies on plans for decommissioning the Madawaska properties in Canada. (See "PROPERTIES - Madawaska Mines Properties")

Camp Bird Colorado, Inc. has been named as a third party defendant in an action filed by the State of Colorado against Idarado Mining Company, Newmont Services, Ltd. and Newmont Mining Corporation under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). The CERCLA claim covers alleged environmental damage to an area in Colorado drained by the San Miguel River, the Uncompahgre River and Red Mountain Creek. Camp Bird believes it has a meritorious defense as discussed in more detail below. (See "LEGAL PROCEEDINGS - Idarado Mining Company et al. v. Third Party Defendants.")

ITEM 2: PROPERTIES

Office Facilities of the Company

The Company utilizes as its principal executive offices, office space also occupied by Bentley J. Blum and his other affiliated companies, located at 150 East 58th Street, 34th Floor, New York, New York 10155. The Company has no lease or sublease for this space and pays no fixed rental to Mr. Blum or his affiliates.

The Company also rents, on a month-to-month basis, 1,088 square feet of administrative office space on the 4th floor of the building located at 57 West South Temple, Salt Lake City, Utah 84101. The monthly rental on this space is $379. Inactive records of the Company are maintained in a nearby storage facility at a cost of $292 per month. Much of this storage volume consists of cancelled stock certificates from 1955 to date.

The Company believes that its office facilities are sufficient for the continued operation of its business.

ITEM 3: LEGAL PROCEEDINGS

As of December 31, 1990, neither Federal nor any of its subsidiaries was a party to any material pending legal proceeding, except those proceedings described below:

Idarado Mining Company, Newmont Services, Ltd. and Newmont Mining Corporation vs. Third Party Defendants (sixteen entities), including Camp Bird Colorado, Inc.

This third-party litigation stems from an action filed by the State of Colorado against Idarado Mining Company, et al., under the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("CERCLA"), on December 9, 1983. Camp Bird was served on September 5, 1985.

The State's complaint alleges environmental damage to an area drained by the San Miguel River, the Uncompahgre River and Red Mountain Creek. Drainage from the Camp Bird properties flows into the Uncompahgre River at a point below the watershed in which a portion of the Idarado properties are located. The Uncompahgre above the junction with the Camp Bird stream (Canyon Creek) is acidic, primarily it is believed, because it drains, among other areas, Red Mountain, a natural deposit containing very large quantities of acidic iron oxide. Camp Bird believes it should not be liable for any environmental damage claims because its drainage is alkaline, and therefore tends to neutralize to some degree the problem that exists in the Uncompahgre River. Effluent from the Camp Bird mine now meets applicable environmental permit requirements without treatment.

Idarado is making a claim for contribution toward its ultimate liability, if any, to the State of Colorado. Camp Bird's attorney filed an answer to the complaint on September 25, 1985, citing various defenses that the Company believes are meritorious. Idarado is actively defending its position as primary defendant. The court severed the third party claims of Idarado for a separate trial. The court has not ruled on Camp Bird's request for dismissal with prejudice, reimbursement of costs including reasonable attorneys' fees and such other relief as the court may deem appropriate. The court has conducted the initial trial of the case against Idarado, and rendered a Memorandum Opinion and Order dated February 22, 1989, which was adverse in many respects to Idarado. The remediation ordered by this ruling concerns steps to be taken above the confluence of Canyon Creek and the Uncompahgre River, and therefore does not directly affect Camp Bird properties or their effluent. Idarado filed a Motion to Reopen the Record and to Amend the Findings and Judgement that contained new evidence favorable to it and to Camp Bird stating that metals in the Ridgeway Reservoir, which is several miles downstream from the confluence, are not causing harm to aquatic life as predicted by the State of Colorado in its trial testimony.

Management does not believe that the Company will ultimately incur any material liability in connection with this case. The Company's exposure is limited to some extent by its liability insurance coverage.

Kenyon Home Furnishings, Ltd., J. Brooks Reitzel, Jr. Trustee in the Bankruptcy for Kenyon Home Furnishings, Ltd., vs. Federal Resources Corporation (Filed May 30, 1990 in the United States Bankruptcy Court for the Middle District of North Carolina)

This litigation is based on an adversary proceeding against the Company filed by the Trustee of the Kenyon bankruptcy alleging preferential transfers and fraudulent conveyances by Kenyon to the Company, and seeks to recover amounts totaling approximately $1.7 million. The Company has denied it is liable to the Trustee and is vigorously defending this suit.

The Company has asserted its right to a jury trial in this proceeding and the United States District Court for the Middle District of North Carolina has withdrawn the case from the jurisdiction of the Bankruptcy Court. The Company believes it has meritorious defenses to the Trustee's claims; however, little discovery has been undertaken in the adversary proceeding and, therefore, the Company is unable at this time to assess its outcome.

Westar Corporation, vs. Federal Resources Corporation

There is a dispute pending in the United States Bankruptcy Court, District of Nevada, in which Westar Corporation, the bankrupt debtor, contends entitlement to a small royalty on production from the Company's Lordsburg, New Mexico properties. The claim of a royalty arises out of an earlier agreement between Westar and the Company. (See "BUSINESS - Mining Operations--Lordsburg, New Mexico Properties.") It is the Company's position that the royalty was extinguished in the said bankruptcy proceeding when the United States Bankruptcy Court lifted the stay on the Company's efforts to terminate its agreement with Westar due to non-performance. Although the agreement with Westar was terminated, Westar is asserting a right to the said royalty. The royalty issue will be the subject of future proceedings in the Nevada court. The Company believes that its position is meritorious and it will defend against Westar's claim to the royalty.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable

PART II

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Price Information

Federal's $.01 par value Common Stock is traded in the over-the-counter market. As of December 16, 1986 the Company's Common Stock was listed on the NASDAQ System. Trading in the Company's Common Stock was suspended on May 25, 1989, after the discovery of the material fraud at the Company's Kenyon Home Furnishings Ltd. subsidiary. It is expected that trading of the Company's Common Stock in the over-the-counter market will resume after the Company becomes current in its financial statement and report filings with the Securities and Exchange Commission.

The following table states the high and low bid quotations for Federal's Common Stock as reported by NASDAQ for the fiscal years ended 1990 and 1989. The quotations as reported by NASDAQ reflect inter-dealer quotations without retail mark-up, mark-down or commission and may not represent actual transactions.

	Fiscal Year Ended December 31, 1990			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High:	$ NA	$ NA	$ NA	$ NA
Low:	$ NA	$ NA	$ NA	$ NA

	Fiscal Year Ended December 31, 1989			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High:	$ .75	$ .94	$ NA	$ NA
Low:	$ .50	$ .53	$ NA	$ NA

NA = Not Available (See Below)

The quotations as reported above for those periods in 1989, reflect periods before the discovery of the Kenyon fraud and the sale of the Mid-West Spring Manufacturing Company and New Generation, Inc. subsidiaries. These quotations do not reflect the impact on market price resulting from the fraud and sale of operating subsidiaries. Aftterthe Kenyon fraud discovery in late May 1989, the Company's stock has not been publicly traded.

As of June 1, 1991, Federal has 35,358,766 outstanding shares of Common Stock held by approximately 13,000 shareholders of record.

Dividends

Federal has not paid a dividend on its Common Stock during the last three fiscal years, and the Company does not expect it will pay a dividend in the foreseeable future. (See "Management's Discussion and Analysis of Financial Conditions and Results of Operations.") In addition, the payment of dividends is subject to certain restrictions imposed by the Company's debt arrangements.

Transfer Agent and Registrar

The Company's transfer agent is The Bank of New York. The Company acts as its own registrar.

ITEM 6: SELECTED FINANCIAL DATA

The following table sets forth certain selected financial data for Federal and its consolidated subsidiaries for the fiscal years ended December 31, 1990, 1989 and 1988. For further information refer to the audited financial statements and the notes thereto contained elsewhere herein.

	Years Ended		
	12/31/90	12/31/89	12/31/88
Revenues	$ 4,000	$ 596,000	$ 587,000
Income (Loss) from Continuing Operations	$(1,034,000)	$ (2,522,000)	$(1,934,000)
Net Income (Loss)	$(1,034,000)	$ 1,216,000	$(5,073,000)
Income (Loss) per share from Continuing Operations	$ (.02)	$ (.07)	$ (.06)
Net Income (Loss) Per Share	$ (.02)	$ .04	$ (.15)
Total Assets	$ 3,927,000	$ 4,277,000	$11,780,000
Long-Term Obligations	$ 1,980,000	$ 990,000	$ 7,531,000

No dividends were paid to shareholders in the years ended December 31, 1990, 1989 and 1988. See above as well as Note 2 to the financial statements regarding the acquisition of businesses in 1988, 1987 and 1986, and the subsequent discovery of fraud at the Kenyon Home Furnishings subsidiary, and the sale of the Mid-West Spring and New Generation subsidiaries.

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Revenue for the year ended December 31, 1990 was $4,000. Revenue for the fiscal years ended December 31, 1989 and 1988 was substantially equal, $596,000 during 1989 and $587,000 during 1988. The decrease in revenue during 1990 when compared to the prior two years is a result of lower interest income and from the termination of the lease on the Camp Bird properties.

General and administrative expenses of the Company were $526,000, $843,000 and $1,298,000 for the years ended December 31, 1990, 1989 and 1988 respectively. The continuing decrease from 1988 through 1990 is due to lower office rental and administrative costs, the lack of audit fees and shareholder expenses in 1990 and 1989 as a result of the Kenyon fraud, and to the lack of debt offering costs in 1990 and 1989 which were incurred in 1988.

Discontinued operations recorded a loss of $3,178,000 in the year ended December 31, 1989 and a loss of $3,139,000 in the year ended December 31, 1988. As detailed in notes 2 and 11 to the financial statements and elsewhere in this Form 10-K, $2,821,000 of the loss from discontinued operations in the period ended December 31, 1988 is due to the fraud and subsequent bankruptcy of the Company's Kenyon Home Furnishings, Ltd. subsidiary. Kenyon was acquired by the Company on April 29, 1988. The 1989 loss from discontinued operations is principally due to losses generated at the Company's New Generation subsidiary.

The $6,916,000 gain from disposal of discontinued operations net of income taxes recognized in 1989 is from the sale of the Mid-West Spring and New Generation subsidiaries during 1989. The gain recognized from the sale of Mid-West was $3,371,000. The gain from the sale of New Generation was $3,545,000.

The Company reported a loss on exchange of assets of $706,000 during 1989 due to the sale of the Company's investment in King Louie Enterprises.

Liquidity and Sources of Capital

Working capital was $(1,682,000) at December 31, 1990, $(1,905,000) at December 31, 1989 and $(2,286,000) at December 31, 1988. The working capital improvement during 1990 is due to settlement of some trade accounts payable and to the funding of working capital during 1990 by Bentley J. Blum. The working capital improvement during 1989 when compared with 1988 is a result of the sale of the discontinued operations in fiscal year 1989.

Liquidity requirements of the Company since 1983 have been largely met with loans to Federal made by Bentley J. Blum. See "ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS." Meeting future working capital requirements is expected to require Mr. Blum's continued involvement and willingness to advance funds to the Company.

During the fiscal periods covered by this report, continuing operations of the Company made no capital expenditures. The Company has no plans for capital expenditures at its continuing operations.

Because of Federal's current financial condition and due to restrictions in the Company's debt arrangements, the Company has no plans to pay dividends in the immediate future. At December 31, 1990, substantially all of the Company's net assets were restricted.

Impact of Inflation

Management does not believe that inflation will have a significant impact on the Company's results of operations. The Company does not enter long-term contracts and can, therefore, review the impact of inflation before setting prices.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements of Federal Resources Corporation and subsidiaries are included in Item 14 (a) (1):

Report of Independent Auditors

Consolidated Balance Sheet - as of December 31, 1990 and 1989

Consolidated Statements of Operations - years ended December 31, 1990, 1989 and 1988

Consolidated Statements of Stockholders' Equity - years ended December 31, 1990, 1989 and 1988

Consolidated Statements of Cash Flows - years ended December 31, 1990, 1989 and 1988

Notes to Consolidated Financial Statements

The following consolidated financial statement schedules of Federal Resources Corporation and subsidiaries are included in Item 14 (d):

Schedule IV - Indebtedness of and to Related Parties--Not Current

Schedule V - Property, Plant and Equipment

Schedule VI - Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment

Schedule X - Supplementary Income Statement Information

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

As disclosed in the Company's Form 8-K filed December 28, 1990 and amended by Form 8 Filed March 6, 1991, the Company changed its Certifying Accountant on December 18, 1990. The change was made due to the Company's desire to retain a firm that would provide the Company with an audit of its financial statements at a more competitive cost to the Company. This was necessitated by the Company's current financial condition.

PART III

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS

The following table and written addendum sets forth the names and ages (as of the filing date of this Form 10-K) of all directors and executive officers of the Company, all persons chosen or nominated to be executive officers, all positions and offices with the Company held by each such persons, the period during which such persons have served in such capacities and the business experience of such persons during the past five years.

Name	Age	Position	Director Since
Bentley J. Blum	50	Chairman of the Board	1984
John W. Losse, Jr.	75	Vice President, Treasurer, Director (Resigned as Director in December 1989)	1971
Susan G. Rosmarin	36	Vice President, General Counsel and Secretary (Resigned in January, 1990)	--
J. Andrew Bolt	34	Vice President, Finance (Resigned in May 1990)	--
Melissa C. Berkowitz	43	Secretary, Director	1990
Scott A. Butters	35	President, Director	1990

Bentley J. Blum. Mr. Blum was appointed to the Board of Directors in 1984 and was elected Chairman of the Board in 1989. Mr. Blum, for more than fifteen years, has been actively engaged in real estate acquisitions for his own account and is currently the sole stockholder and director of a number of corporations that hold real estate and other interests. In addition, he is the sole stockholder of Springfield Oil Services, Inc. a company providing oil field services in the United States and North Africa. Mr. Blum is also a director and principal shareholder of several other corporations engaged in various business activities, including Commodore Environmental Services, Inc., a publicly traded corporation engaged in oil and gas development and in real estate, and North Valley Development Corporation, a real estate company.

John W. Losse, Jr. Mr. Losse had been a Director of the Company since 1971. He resigned as Director on December 22, 1989. Mr. Losse had been Vice President, Chief Financial Officer and Treasurer of the Company from November 1986 until August 1988. Currently, he serves as Vice President, Treasurer, Assistant Secretary and President of the Mining Division of the Company.

Susan G. Rosmarin. Ms. Rosmarin was appointed Vice President, Secretary and General Counsel to the Company in August 1987. She also served as Vice President, Secretary and General Counsel to Commodore Environmental Services, Inc, a publicly traded company controlled by Mr. Blum. For the preceding six years, Ms. Rosmarin had been engaged in the practice of law in New York. Ms. Rosmarin was associated with the law firm of Bangser & Weiss, then counsel to the Company, before becoming employed by the Company. Ms. Rosmarin resigned her positions with the Company in January 1990.

J. Andrew Bolt. Mr. Bolt was appointed Vice President, Finance in August 1988. Prior thereto, Mr. Bolt was a Senior Manager with the accounting firm of Ernst & Whinney. Mr. Bolt resigned his position with the Company on May 4, 1990.

Melissa C. Berkowitz. Ms. Berkowitz was appointed Assistant Secretary to the Company in March 1987. For over the past five years Ms. Berkowitz has held a number of positions including Vice President of Investor Relations of the Berkshire Coal Corporation, a management company controlled by Mr. Blum. On August 15, 1990, Ms. Berkowitz was appointed to the Board of Directors of the Company and named to the position of Secretary.

Scott A. Butters. Mr. Butters has been an employee of the Company from 1980 through 1985 and again from 1986 to the present. He has held successive positions as Accountant, Assistant Controller and Vice President-Administration. Mr. Butters was the Assistant Secretary and Assistant Treasurer of the Company from May 1986 to August 1990. For the period May 1986 through November 1986 he also served on the Company's Board. On August 15, 1990, Mr. Butters was named President of the Company and appointed to the Board of Directors.

To the best of the Company's knowledge and belief, none of the directors or executive officers are a party to any material proceedings adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or to any of its subsidiaries.

To the best of the Company's knowledge and belief, there is no reportable arrangement or understanding between any of the persons listed in the preceding table and/or with any other person or persons following which he is or was to be selected as an officer or director.

ITEM 11: EXECUTIVE COMPENSATION

The following table shows the cash compensation paid or accrued by the Company during the twelve months ended December 31, 1990 to (i) all executive officers of the Company whose total cash compensation exceeded $60,000 and (ii) all executive officers of the Company as a group.

Name of Individual or Number in Group	Current Position	Cash Compensation (1)
John P. Kotts	President and Chief Executive Officer; (Resigned December, 1989)	$ 117,000
John W. Losse, Jr.	Vice President; Treasurer	$ 60,456
All executive officers as a group (4 persons including the named individuals)		$ 261,945

(1) Included in this column are salaries paid or accrued during the year ending December 31, 1990 and cash bonuses or deferred compensation paid or accrued for services rendered in all capacities to the Company during the last fiscal year.

Employment Agreements with Officers

John W. Losse, Jr. entered into a three year employment contract, effective as of January 1, 1984, following which Mr. Losse was employed as Vice President-Finance and Treasurer of the Company on a full time basis. Mr. Losse has primary operating responsibility of the Mining division of the Company and received a base salary of $60,000 per annum during 1990. Following the three year employment agreement, Mr. Losse agreed that all deferred compensation otherwise payable to him under his prior employment contract will be limited to a maximum of $300,000, payable at $30,000 per year for ten years commencing upon his retirement from the Company. As of December 31, 1990, a total of $264,000 of salary and other remuneration payable to Mr. Losse has been accrued, and will be paid to him at a future date.

Effective August 1, 1987, Susan G. Rosmarin entered into a two year employment agreement following which Ms. Rosmarin was to act as Vice President, General Counsel and Secretary of the Company. Pursuant to the agreement, Ms. Rosmarin was to receive an annual base salary of $25,000 plus a bonus of at least $5,000. Ms. Rosmarin was also to receive customary fringe benefits (hospitalization, major medical and life insurance) equivalent to those granted to other senior executives employed by the Company. Ms. Rosmarin was also granted options to purchase up to 25,000 shares of the Common Stock of the Company (See "1983 Stock Option Plan; Stock Option Summary"). Ms. Rosmarin's employment agreement and option to purchase common stock of the Company were terminated upon her resignation in January, 1990.

Effective August 22, 1988, J. Andrew Bolt entered into a three year employment agreement following which Mr. Bolt was to serve as Vice President-Finance of the Company. Pursuant to the agreement, Mr. Bolt was to receive an annual base salary of $90,000 subject to annual review. Mr. Bolt was also to receive customary fringe benefits (hospitalization, major medical and life insurance) equivalent to those granted to other executive officers employed by the Company. Mr. Bolt was also granted an option to purchase 100,000 shares of the Common Stock of the Company (See "1983 Stock Option Plan; Stock Option Summary"). Mr. Bolt's employment agreement and option to purchase common stock of the company were terminated upon his resignation in May, 1990.

1983 Stock Option Plan

The Company's 1983 Stock Option Plan (the "1983 Plan") was approved by the shareholders at the 1984 Annual Meeting. The 1983 Plan is designed to provide an added incentive for effective service and high levels of performance to participating key employees of the Company by affording them an opportunity to increase their proprietary interest in the Company's success through increased stock ownership. Options granted under the 1983 Plan may be incentive stock options, as defined in Section 422 A of the Internal Revenue Code, or non-qualified options. The 1983 Plan has been amended to conform with applicable provisions of the Tax Reform Act of 1986. The maximum number of shares of the Common Stock for which options may be granted under the 1983 plan is 3,000,000 shares (subject to adjustment if a stock dividend, stock split or other change in the corporate structure occurs).

The 1983 Plan may be administered by either the Board of Directors or a stock option committee consisting of three members of the Board of Directors (the "Committee"). The Board of Directors or, if acting, the Committee has the authority to select optionee, to decide whether certain options are to be incentive stock options or non-qualified stock options, to establish the number of shares and other terms applicable to each option and to construe the provisions of the 1983 Plan.

The option price per share with respect to each option is determined by the Board of Directors or the Committee but cannot be less than the fair market value of the common stock of the date of grant or less than the par value of the common stock, whichever is greater. The option price is payable in cash or the Board of Directors or the Committee may grant the option holder the right to exercise the option in whole or in part by delivery of shares of common stock. If common shares are tendered for payment of the purchase price, the value thereof is deemed to be the fair market value of such common shares on the date of tender. The period of each option is fixed by the Board of Directors or the Committee, but in no event may it be longer than 10 years. Options granted under the 1983 Plan are nontransferable.

If an optionee's employment terminates for any reason other than death or disability termination, the optionee may exercise his option to the extent exercisable, upon the effective date of such termination or within three months after the termination of his employment; provided however, that if his employment shall be terminated either (i) for cause or (ii) without the consent of the Company, the options (to the extent not previously exercised) terminate immediately. In no event shall any option be exercisable after the expiration of the term of such option.

If an optionee dies while he is employed by the Company or within three months after termination of his employment (unless such termination was for cause or without the consent of the Company) or his employment is terminated as a result of a disability, the option may be exercised, to the extent exercisable on the date of his death or the date of the disability termination, by his executor, administrator or other person at the time entitled by law to the rights under the option, or by him in the case of a disability termination, at any time within six months after the date of his death or the date of the disability termination, but in no event after the expiration of the term of the option.

Notwithstanding the foregoing, no incentive stock option may be granted to any employee, who, at the time the option is granted, owns directly or indirectly more than 10% of the total combined classes of stock of the Company, unless the purchase price is at least 110% of the fair market value of the common shares on the date such option is granted and such option, by its terms, is not exercisable after the expiration of five years after the date of grant.

With respect to incentive stock options granted after 1986, the total fair market value (determined as of the date that the option is granted) of the shares for which such options may be exercisable for the first time in any calendar year, may not exceed $100,000.

The 1983 Plan may be amended or terminated at any time by the Board of Directors of the Company (i) without further approval of the shareholders if such amendment or termination does not depart substantially from the terms of the Plan with respect to any optionee and (ii) without the approval of a majority of the issued and outstanding shares of common stock if such amendment, termination or alteration does not increase the total number of shares of common stock which may be issued under the 1983 Plan, change the eligibility requirements for individuals entitled to receive options under the 1983 Plan or extend the term of an option beyond ten years.

Any shares subject to options that, for any reason, expire or are terminated unexercised as to such shares, become available again for options under the 1983 Plan. The Company reserves the right to terminate an option with the optionee's consent and to substitute one or more options with different terms and conditions, including a lower option price.

Nothing in the 1983 Plan shall prohibit the grant of both incentive stock options and non-qualified stock options to one employee; provided that incentive stock options and non-qualified stock options shall not be granted in a manner whereby the exercise of one incentive or non-qualified option affects the ability to exercise the other.

In August, 1987, the Company granted to Susan G. Rosmarin, then Vice President, Secretary and General Counsel to the Company, a five-year option to purchase 25,000 shares of Company Common Stock under the 1983 Plan. These options could have been exercised at any time from September 1, 1987 through August 31, 1992 at an exercise price of $1.25 (the closing bid price as at the date of grant of the options). As Ms. Rosmarin resigned from her position in January 1990 and did not exercise these options within the three months allowed under the 1983 Plan, this grant has terminated.

<u>1981 Incentive Stock Option Plan</u>

The Company's 1967 Qualified Stock Option Plan was superceded by its 1981 Incentive Stock Option Plan (the "Plan"). As of December 31, 1990, options for 300,000 shares of Common Stock were available for grant under this Plan. The Plan is intended as an incentive to encourage ownership by eligible key employees of shares of the Company's Common Stock, thereby giving them an increased personal interest, as well as proprietary interest, in the Company's success.

The terms and exercise provisions of options granted under the Plan are fixed by the Board of Directors. Options granted under this Plan are not transferable and are subject to adjustment to reflect stock splits, stock dividends, mergers and consolidations.

Effective as of November 30, 1988, the Company granted to Scott A. Butters, then Vice President-Administration, Assistant Secretary and Assistant Treasurer of the Company, a five year option to purchase 100,000 shares of the Company's Common Stock at an exercise price of $.46875 per share. The Company also granted as of August 22, 1988, to J. Andrew Bolt, then Vice President-Finance, a five year option to purchase 100,000 shares of the Company's common stock at an exercise price of $.625 per share. The exercise price of the options granted to Messrs. Butters and Bolt represent the closing bid price as at the date of the grant with respect to each option. As Mr. Bolt resigned May 4, 1990 without exercising his option, said option has terminated.

Stock Option Summary

The following table sets forth certain information with respect to all executive officers as a group relating to: (a) the number of shares subject to options granted during the last fiscal year; (b) the number of shares acquired through the exercise of options; (c) the net value realized during the last fiscal year upon the exercise of such options; and (d) the number of shares subject to all unexercised options held as of December 31, 1990.

	All Executive Officers as a Group
Granted:	
Number of shares	
Average per share option price	--
Exercised:	
Number of shares	--
Net value realized	
Unexercised at 12/31/90*	
Number of shares	100,000
Average per share option price	$.46875

* The Company's Common Stock was not trading at December 31, 1990 due to the Kenyon fraud and lack of financial information for investors to utilize to make investment decisions.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of June 1, 1991 about the beneficial ownership of Common Stock of the Company of (i) each individual known to the registrant to own more than 5% of the voting securities; (ii) each director of the Company; and (iii) all directors and officers as a group.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Bentley J. Blum 150 East 58th Street 34th Floor New York, NY 10155	20,000,000 (1)	56.5%
John W. Losse, Jr. 57 West South Temple 4th Floor Salt Lake City, UT 84101	120,200	.3%
Melissa C. Berkowitz 150 East 58th Street 34th Floor New York, NY 10155	--	
Scott A. Butters 57 West South Temple 4th Floor Salt Lake City, UT 84101	100,000 (2)	.3%
All directors and officers as a group (the 4 above named individuals)	15,220,200 (2)	57.1%
Kenneth M. Kochekian 307 Cascade Drive High Point, NC 27260	4,500,000 (3)	12.7%

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(1) Includes 5,000,000 shares owned directly by the Blum Family Trust, an entity for which Mr. Blum serves as a trustee.

(2) Includes shares subject to qualified stock options which may be exercised within 60 days.

(3) The Company has filed suit against Mr. Kochekian to recover these shares. (See "BUSINESS - REORGANIZATION OF THE COMPANY--INVESTMENT (LOSS) IN UNCONSOLIDATED SUBSIDIARY.")

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions between the Company and Bentley J. Blum

Mr. Blum is the President, a director and the sole shareholder of corporations that, since April 1983, have made several loans, loan guarantees and advances to Federal. Before October 27, 1986, corporations owned and controlled by Mr. Blum (including CHH) loaned a total of $6,071,839 to Federal (inclusive of accrued and unpaid interest of $1,121,896). On August 14, 1986 with the lease of the Camp Bird properties (see "PROPERTIES - Camp Bird Properties"), CHH entered into an agreement with Camp Bird that extended the repayment date of the obligations to CHH to January 4, 1990.

With the October 1986 acquisition of Mid-West Spring, Mr. Blum agreed to exchange the $4,949,943 principal amount of debt of the Company to Mr. Blum and certain of his affiliates, for 4,949,943 shares of 10% cumulative and participating Series A non-voting, non-convertible, non-redeemable Preferred Stock of the Company. On January 19, 1989 the terms of the Preferred Stock were amended to subject such shares to mandatory redemption upon the earlier of (i) the sale or other disposition by Federal, or any affiliate of Federal, of 100% of the common stock owned by it of M-WS Holding and/or Kenyon to an unrelated third party; (ii) the sale or other disposition by M-WS Holding of 100% of the common stock owned by it of Mid-West Spring to an unrelated third party; or (iii) a merger of Federal with and into an unrelated third party whereby (x) control of Federal's Board of Directors and the right to vote a majority of Federal's common stock passes to an unrelated third party, and (y) the shareholders of Federal prior to such merger (including Mr. Blum) receive cash consideration with such merger. This mandatory redemption provision of the preferred stock was rescinded by action of the Board of Directors on August 21, 1990, effective as of June 22, 1989.

On June 21, 1989, the principal balances of various advances and notes from Mr. Blum and his affiliates totaling $3,441,029, including accrued interest totaling $295,143 was paid to Mr. Blum from proceeds the Company received from the sale of Mid-West Spring.

At December 31, 1990, the Company had an outstanding balance owed to Mr. Blum and his affiliates of $645,637, representing cash advances made to Federal by Mr. Blum and his affiliates; a balance of $82,500, representing advances of services and other overhead charges for the benefit of the Company; and accrued interest on these advances totalling $35,889.

In connection with the Company's acquisition of New Generation, Mr. Blum personally guaranteed 50% of the guarantor obligations of Federal under convertible notes aggregating $1,000,000 issued by New Generation to the former stockholders of New Generation. Mr. Blum was paid $2,500 for his guaranty during 1989. The Company has indemnified Mr. Blum for any liability in connection with this guaranty.

On April 29, 1988, simultaneously with the closing of the Kenyon acquisition, Mr. Blum and Mr. Hannesson guaranteed a portion of the Kenyon revolving term loan (the amount of the guaranty was based on the preacquisition earnings of Kenyon) pending completion of an audit of the financial statements of Kenyon Home Furnishings, Ltd. Such guarantees terminated by their terms upon the delivery of the audit report. However, as disclosed above and in Notes 2 and 10 to the financial statements, in May 1989, the Company discovered that a material fraud had been occurring at the Kenyon subsidiary for a period of time before and after Kenyon's acquisition by Federal. As a result of the fraud discovery, Kenyon's prior auditor's opinion as well as the audit opinion for an audit conducted after Kenyon's acquisition by Federal were revoked. Mr. Blum and Mr. Hannesson were paid a total of $37,000 for their guaranty. In addition, Mr. Blum provided a separate guaranty of the repayment of up to $500,000 related to excess drawdowns over the Kenyon revolving loan limit. Mr. Blum was paid $2,500 in 1989 for his guaranty. The Company has indemnified Mr. Blum and Mr. Hannesson for any liability in connection with their guarantees.

Mr. Blum fully guaranteed the repayment of a note payable to a bank in the principal amount of $2,500,000. He was paid a fee of $12,500 in 1989 for his guaranty. The note was paid in full with proceeds received from the sale of Mid-West Spring in 1989.

The Company paid Mr. Blum $38,500 in 1989 in consideration of his acceptance of a subordinated promissory note and interest payments at less than the then market rate in connection with a $1,400,000 loan by him to M-WS Holding. Such loan was made with the acquisition of Mid-West Spring and was paid in full from proceeds received from the sale of Mid-West Spring.

The funds advanced by CHH and other Bentley J. Blum affiliates have been used to maintain properties; pay interest and principal on Federal's pre-acquisition indebtedness; facilitate certain of the acquisitions consummated in 1986 and 1987; pay accounts payable and other accrued expenses; rehabilitate the Camp Bird mill and expand tailing storage capabilities; pay legal fees associated with various litigation with in the Company is involved; and maintain an administrative staff at the Company's headquarters.

PART IV

ITEM 14: EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) (1) Financial Statements and Exhibits. The following financial statements are included in Item 8 of this report:

- (i) Consolidated Balance Sheet
- (ii) Consolidated Statements of Operations
- (iii) Consolidated Statements of Changes in Stockholders' Equity
- (iv) Consolidated Statements of Cash Flows
- (v) Notes to Consolidated Financial Statements

(a) (2) Financial Statement Schedules. The following financial statement schedules are included in Item 8 of this report:

- (i) Schedule IV -- Indebtedness of and to Related Parties--Not Current
- (ii) Schedule V -- Property, Plant and Equipment
- (iii) Schedule VI -- Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment
- (iv) Schedule X -- Supplementary Income Statement Information

(a) (3) Exhibits. The following exhibits are filed as part of this report:

(a) Exhibit Number Pursuant to Item 601 of Regulation S-K

3 - Amended and Restated Articles of Incorporation and Amended and Restated By-laws of the Company. (1)

4 - Instruments defining rights of security holders, including indentures - Annexed to this Form 10-K are copies of the form of warrant and subordinated debenture issued by the Company in 1987, upon completion of a private placement of such securities. (1)

10 - Material contracts - Not applicable.

11 - Statement regarding computation of per share earnings - Not applicable.

12 - Statements regarding computation of ratios - Not applicable.

13 - Annual report to security holders, Form 10-Q or quarterly report to security holders -

Amended Form 10-Q's and Form 10-Q's for 1988 through 1990 will be filed subsequent to the filing of this Form 10-K.

18 - Letter regarding change in accounting principles - Not applicable.

22 - Subsidiaries of the registrant.

23 - Published report regarding matters submitted to vote of security holders - Not applicable.

24 - Consents of experts and counsel - Not applicable.

25 - Power of attorney - Not applicable.

28 - Additional exhibits - Not applicable.

29 - Information from reports furnished to state insurance regulatory authorities - Not applicable.

(b) Reports on Form 8-K.

Report on Form 8-K dated December 28, 1990, amended by Form 8 dated March 6, 1991.

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(1) Filed as an Exhibit to Registrant's Annual Report on Form 10-K, for the year ended December 31, 1987 and incorporated herein by reference thereto.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FEDERAL RESOURCES CORPORATION
(Registrant)

Date: July 3, 1991

By: /s/ Scott A. Butters
Scott A. Butters, President

Pursuant to the requirements of the Securities Exchange Act of 1934 this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: July 8, 1991

By: /s/ Bentley J. Blum
Bentley J. Blum,
Chairman of the Board
(Principal executive officer)

Date: July 3, 1991

By: /s/ Scott A. Butters
Scott A. Butters, President
and Director
(Principal financial officer)

Date: July 8, 1991

By: /s/ Melissa C. Berkowitz
Melissa C. Berkowitz,
Secretary and Director

Date: July 3, 1991

By: /s/ John W. Losse, Jr.
John W. Losse, Jr.,
Vice President

EXHIBIT 22

SUBSIDIARIES OF FEDERAL RESOURCES CORPORATION

The following table sets forth certain information concerning the subsidiaries of Federal Resources Corporation at December 31, 1990:

Name of Subsidiary and Jurisdiction of Incorporation	Percentage of Stock Ownership by Federal Resources Corporation
Madawaska Mines Limited (Canada)	100
Camp Bird Colorado, Inc. (Colorado)	100
Camp Bird Tunnel Mining & Transportation Co. (Colorado)	100
Tuscaloosa Resources Corporation (Nevada)	100
Pratt Coal Co. (Nevada)	100
Addison Coal Mining Corporation (New York)	100
Kenyon Home Furnishings, Ltd. (North Carolina)	100 (1)
Federal Holding Corp. (Nevada)	100

(1) See narrative to Form 10-K and financial statement footnotes regarding the Kenyon subsidiary fraud and subsequent events.

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

December 31, 1990, 1989 and 1988

Consolidated Financial Statements and Schedules

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

Index to Consolidated Financial Statements and Supplemental Schedules

Schedules other than those listed above are omitted because of the absence of conditions under which they are required or because the information is shown in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Federal Resources Corporation

We have audited the accompanying consolidated balance sheet of Federal Resources Corporation and subsidiaries as of December 31, 1990 and 1989 and the related consolidated statements of operations, stockholders' equity and cash flows and the schedules listed in the index to the consolidated financial statements for the three years then ended. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Because of the inadequacy of accounting records, we were unable to form an opinion regarding the portion of the loss from discontinued operations attributable to Kenyon Home Furnishings, Ltd., (Kenyon) an unconsolidated subsidiary recorded in the accompanying consolidated statements of operations and cash flows for the years ended December 31, 1989 and 1988.

In our opinion, except for the effects on the 1989 and 1988 financial statements of such adjustments, if any, as might have been determined to be necessary had accounting records concerning the operations of Kenyon been examined, as discussed in the third paragraph, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Federal Resources Corporation and subsidiaries as of December 31, 1990 and 1989, and the results of their operations and their cash flows for the three years then ended in conformity with generally accepted accounting principles. Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had accounting records concerning the operations of Kenyon been examined, the schedules referred to above when read in conjunction with the basic consolidated financial statements, taken as a whole, present fairly, in all material respects, the information therein set forth.

As discussed in notes 1 and 4, a substantial portion of the Company's assets consist of mining properties. Recovery of the Company's investment in these mining properties is dependent upon the successful development or sale of these properties. The ultimate outcome of this uncertainty is dependent on factors described in note 1 which cannot presently be determined. Accordingly, the accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 11 to the financial statements, the Company has suffered recurring losses from operations and has a net working capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

TANNER + CO.

Salt Lake City, Utah
April 18, 1991

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 1990 and 1989

ASSETS	1990	1989
Current assets		
Cash and cash equivalents	$ 9,581	112,994
Accounts receivable	22,873	1,996
Total current assets	32,454	114,990
Property, plant and equipment		
Land and improvements	101,383	101,383
Buildings	33,424	33,424
Machinery and equipment	2,313,734	2,313,734
Mining claims and leases	138,431	138,431
Deferred mine development costs less proceeds of $1,073,387 and $949,943, respectively	1,615,962	1,739,406
	4,202,934	4,326,378
Less: accumulated depreciation, depletion and amortization	851,871	838,095
	3,351,063	3,488,283
Deferred financing costs net of accumulated amortization of $277,446 and $184,946	462,504	555,004
Other assets	80,636	119,059
	$3,926,657	4,277,336

LIABILITIES AND STOCKHOLDERS' EQUITY	1990	1989
Current liabilities		
Accounts payable	$ 52,898	237,284
Accrued expenses	1,008,808	850,723
Accrued estimate for losses	-	297,030
Accrued expenses - related parties	35,888	8,387
Accrued income taxes	465,000	465,000
Notes payable	151,453	161,453
Total current liabilities	1,714,047	2,019,877
Notes payable to related party	990,217	-
Subordinated debentures	990,129	990,129
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock, $.01 par value. $1.00 stated value per share, authorized 100,000,000 shares, issued and outstanding 4,949,943 shares	49,499	49,499
Common stock, $.01 par value; authorized 100,000,000 shares, issued and outstanding 35,358,766 shares	353,588	353,588
Additional paid-in capital	13,151,055	13,151,055
Retained earnings (deficit)	(13,067,850)	(12,033,571)
Equity adjustments from translation	(254,028)	(253,241)
Net stockholders equity	232,264	1,267,330
	$ 3,926,657	4,277,336

See notes to consolidated financial statements.

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

Consolidated Statement of Operations

Years Ended December 31, 1990, 1989 and 1988

	1990	1989	1988
Revenue			
Interest income	$ 2,340	495,653	528,356
Royalty income	-	76,675	28,060
Other	2,097	24,130	30,162
	4,437	596,458	586,578
Expenses			
General and administrative	526,468	843,046	1,298,204
Interest	252,278	1,201,942	852,068
Loss on exchange of assets	-	706,426	-
Stand-by costs of mining properties	153,694	135,989	86,275
Depletion, depreciation and amortization	106,276	231,077	284,275
	1,038,716	3,118,480	2,520,822
Net (loss) from continuing operations	(1,034,279)	(2,522,022)	(1,934,244)
Discontinued operations			
(Loss) from discontinued operations net of income taxes	-	(3,178,152)	(3,139,041)
Gain from disposal of discontinued operations net of income taxes	-	6,915,968	-
	-	3,737,816	(3,139,041)
Net income (loss)	$(1,034,279)	1,215,794	(5,073,285)
Net (loss) per share from continuing operations	$ (.02)	(.07)	(.06)
Net income (loss) per share	$ (.02)	.04	(.15)

See notes to consolidated financial statements.

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

	Preferred Stock		Common Stock	
	Number Of Shares	Amount	Number Of Shares	Amount
Balance, January 1, 1988	4,949,943	49,499	30,858,766	308,588
Shares issued in conjunction with acquisition	-	-	4,500,000	45,000
Net (loss)	-	-	-	-
Equity adjustment from foreign currency translation	-	-	-	-
Balance, December 31, 1988	4,949,943	49,499	35,358,766	353,588
Net income	-	-	-	-
Termination of repurchase agreement	-	-	-	-
Equity adjustment from foreign currency translation	-	-	-	-
Balance, December 31, 1989	4,949,943	49,499	35,358,766	353,588
Net (loss)	-	-	-	-
Equity adjustment from foreign currency translation	-	-	-	-
Balance, December 31, 1990	4,949,943	$49,499	35,358,766	353,588

Additional Paid-In Capital	Retained Earnings (Deficit)	Equity Adjustment From Translation
10,924,055	(8,176,080)	(275,085)
1,627,000	-	-
-	(5,073,285)	-
-	-	20,080
12,551,055	(13,249,365)	(255,005)
-	1,215,794	-
600,000	-	-
-	-	1,764
13,151,055	(12,033,571)	(253,241)
-	(1,034,279)	-
-	-	(787)
13,151,055	(13,067,850)	(254,028)

See notes to consolidated financial statements.

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended December 31, 1990, 1989, 1988

	1990	1989	1988
Operating activities:			
Net income (loss)	$(1,034,279)	1,215,794	(5,073,285)
Adjustments to reconcile net income (loss) to net cash (used in) operating activities:			
Gain from disposal of discontinued operations	-	(6,915,968)	-
Depreciation and amortization	106,276	231,077	284,275
Loss on exchange of assets	-	706,426	-
(Increase) decrease in equity adjustment for translation	(787)	1,764	20,080
Changes in operating assets and liabilities, net of effects from business acquisitions:			
(Increase) in accrued interest receivable	-	(480,831)	(298,273)
(Increase)decrease in accounts receivable	(20,877)	21,336	34,602
(Decrease) increase in accounts payable and accrued expenses	(295,830)	(48,234)	809,044
Decrease in net assets of discontinued operations	-	-	1,190,738
Net cash (used in) operating activities	(1,245,497)	(5,268,636)	(3,032,819)
Investing activities			
(Increase) decrease in other assets	38,423	(69,857)	321,101
Proceeds from Camp Bird Venture	123,444	470,579	111,073
Proceeds from sale of discontinued operations	-	7,936,667	
Increase in note receivable	-	(1,400,000)	-
Net cash provided by investing activities	161,867	6,937,389	432,174
Financing activities:			
Proceeds from long-term borrowings	990,217	2,500,000	2,500,000
Principal payments on long-term borrowings	(10,000)	(4,424,362)	(596,037)
Net cash provided by (used in) financing activities	980,217	(1,924,362)	1,903,963

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows - Continued

	1990	1989	1988
(Decrease) in cash and cash equivalents	(103,413)	(255,609)	(696,682)
Cash and cash equivalents, beginning of year	112,994	368,603	1,065,285
Cash and cash equivalents, end of year	$ 9,581	112,994	368,603

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year	1990	1989	1988
Interest	$202,723	848,831	785,461
Income taxes	$ -	-	-

Supplemental Schedule of Noncash Investing and Financing Activities

1989

The Company exchanged a note receivable of $3,900,000 and accrued interest receivable totalling $1,053,681 in payment of a note payable of $3,900,000 and accrued interest payable of $347,255.

As part of the sale of a wholly-owned subsidiary, the Company exchanged a $1,400,000 note receivable from the sale of a wholly-owned subsidiary in payment in full of a note payable of $2,500,000.

1988

The Company issued 4,500,000 shares of common stock valued at $1,672,000 as part of the consideration for the acquisition of an unconsolidated subsidiary.

See notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

Principles of Consolidation

The accounts of Federal Resources Corporation (Company or Federal) and its subsidiaries with the exception of Kenyon Home Furnishings Ltd. (Kenyon) have been consolidated in the accompanying financial statements after elimination of all significant intercompany accounts and transactions. Kenyon was accounted for on the cost method and not fully consolidated because the subsidiary had a material fraud perpetuated by certain employees and officers of the subsidiary, the subsidiary is in bankruptcy and control of the subsidiary by the Company was temporary. (See note 2.)

Cash Equivalents

Cash equivalents are highly liquid instruments with a maturity of three months or less when purchased.

Property, Plant and Equipment

The cost of property, plant and equipment related to mining activities are depreciated principally by the units of production method. Other fixed assets are depreciated using the straight-line method over the estimated useful life of the asset classification.

Costs incurred for the acquisition of mining claims and leases and for development of these mining claims and leases are capitalized. Amortization or depletion of capitalized costs are based on production during the year in relation to estimated total quantities of recoverable ore available.

The accompanying financial statements have been prepared on a basis which contemplates the recovery of the recorded costs for mining properties in the normal course of business. The recovery of recorded costs for mineral properties is uncertain because the economic viability of the properties is dependent upon factors which cannot be determined at this time, such as future prices of minerals, discovery of minerals in economic quantities for development, availability of financing or sale arrangement, etc. The consolidated financial statements do not include any adjustments relating to the outcome of this uncertainty.

Foreign Currency Translation

The assets and liabilities of the Company's Canadian subsidiary are translated at year-end exchange rates and results of operations at average monthly exchange rates prevailing at each reporting period. Adjustments resulting from translating the subsidiary's Canadian dollar functional currency to U.S. dollars are accumulated as a component of stockholders' equity.

(1) Summary of Significant Accounting Policies - Continued

Deferred Financing Costs

Deferred financing costs are being amortized over the term of the related indebtedness.

Income (Loss) Per Share

Income (loss) per share is computed by dividing the net income (loss) by the approximate average number of shares (35,358,766, 35,358,766, and 33,892,000 shares, including shares subject to repurchase for the years ended December 31, 1990, 1989 and 1988, respectively, of common stock outstanding during the year. The computation does not consider for the years ended December 31, 1990 and 1988, the effects of stock options, warrants and convertible preferred stock and notes as common stock equivalents as they are antidilutive.

(2) Reorganization of the Company

During the year ended December 31, 1989, Federal Resources Corporation underwent a reorganization involving the sale of two operating subsidiaries and liquidation of a third subsidiary. The Company's sole operation following the reorganization involves ownership interests in natural resource properties.

Discontinued Operations

On March 24, 1989, the Company entered into an agreement to sell its spring manufacturing subsidiary, Mid-West Spring Holding Corporation ("M-WS Holding"). The sale was completed on June 22, 1989 for $24,720,000. Proceeds to the Company, net of M-WS Holding debt repayment and transaction costs, were $4,686,000 in cash and a subordinated note receivable of $1,400,000. Federal also received a warrant to purchase 3% of M-WS Holding's acquirer and a warrant to purchase an additional 3% if the subordinated note receivable is not paid by December 31, 1992. Federal realized a gain in the year ended December 31, 1989 of $3,370,749 from the sale of M-WS Holding.

On December 29, 1989, the Company sold its consumer electronics subsidiary, New Generation, Inc. ("New Generation"), to a company formed by Federal's former president and New Generation management. Net proceeds from the sale were comprised of a $990,000, 10.25% subordinated note receivable from the buyer and the buyer's assumption of $1,100,000 of Federal's debt to a bank. Federal borrowed $2,500,000 from the same bank in February 1989 primarily for working capital of New Generation. In conjunction with the sale, Federal assigned a $1,400,000 subordinated note receivable to the bank in full satisfaction of the remaining $1,400,000 of Federal's indebtedness to the bank. Federal realized a gain for the year ended December 31, 1989 of $3,545,219 from the sale of New Generation.

(2) Reorganization of the Company - Continued

(Loss) In Unconsolidated Subsidiary

On April 29, 1988, the Company acquired all of the outstanding common stock of Kenyon Home Furnishings, LTD., in exchange for cash of $500,000; 4,500,000 shares of Federal common stock; and a $4,500,000 subordinated note payable.

In May 1989, it was determined that a material fraud had been perpetuated by certain officers and employees of Kenyon over a several year period. Subsequent to the detection of the fraud, Kenyon filed Chapter 7 bankruptcy. The bankruptcy trustee and various law enforcement agencies have all documents and supporting evidential matter relating to the financial condition, operations and transactions of Kenyon. The Company was unable to obtain the necessary evidential matter to allow its auditors to perform the required audit procedures as the Company did not and does not have access to the Kenyon records. Because of the fraud, subsequent bankruptcy and liquidation, the Company has recorded the acquisition of Kenyon as an unconsolidated subsidiary. At December 31, 1988, the entire investment in the unconsolidated subsidiary was written off as discontinued operations down to the amount of cash proceeds received from Kenyon in 1989 which totalled $830,473 and an estimated reserve payable of $495,000 was established to cover estimated losses arising from the fraud and bankruptcy of Kenyon. The investment value was $-0- at December 31, 1989. At December 31, 1990, the Company had incurred expenses of $43,840 in addition to utilizing the entire $297,030 estimated reserve available at December 31, 1989 which was established to offset the losses from the fraud and bankruptcy of Kenyon.

Net sales and operating results of discontinued operations are as follows:

	Years Ended December	
	1989	1988
Net sales	$25,275,060	41,959,393
Income (loss) from discontinued operations before income taxes	(3,178,152)	(3,139,041)
Provision (benefit) for income taxes	-	-
Income (loss) from discontinued operations	$(3,178,152)	(3,139,041)

(3) Note Receivable

During the year ended December 31, 1989, a $3,400,000 note receivable and the related accrued interest receivable was transferred in satisfaction of a note payable to an individual totaling $3,900,000. The Company realized a loss of $706,426 on the exchange of the note receivable and accrued interest receivable for satisfaction of the note payable and accrued interest.

(4) Transactions Related to Mining Properties

The Company's mining properties consist of three properties, Camp Bird, Lordsburg and Madawaska Mines.

Camp Bird Properties

Substantially all of the Company's deferred mining development costs relate to the Camp Bird Properties, which are owned by the wholly-owned subsidiary, Camp Bird Colorado, Inc. ("Camp Bird"). On August 14, 1986, Camp Bird entered into a lease and purchase option agreement with several lessees (the "lessees"). The lessees were obligated to manage mining and milling operations, to invest a minimum of $85,000 a month in exploration and development and to pay the Company's debt service on mining division debt. Proceeds received during the lease period have been deferred and recognized as revenue in an amount equal to direct expenses of the Camp Bird operations, i.e., depreciation, depletion and interest expense. The remaining deferred revenue of $1,073,387, $949,943 and $479,364 as of December 31, 1990, 1989 and 1988, is classified as a reduction to deferred development costs. The lease was terminated in April 1990.

An affiliate of the majority stockholder is entitled to a $300,000 payment contingent upon the sale, development, or exploitation of the Camp Bird properties. The contingent payment was agreed to in exchange for the affiliates waiver of a purchase option that preceded the option granted to the Lessees.

Lordsburg Properties

The Lordsburg Properties (Lordsburg) are located in New Mexico and include a flotation mill and approximately 12,000 acres held through patented and unpatented mining claims and leases. In 1989, the Company terminated an agreement to sell Lordsburg to another company when the purchaser defaulted on the terms of the agreement and filed a petition in bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. The property is recorded at its net cost basis. In the year ended December 31, 1990, the Company contributed the property to a joint venture

(4) Transactions Related to Mining Properties - Continued

Lordsburg Properties - Continued
to develop the property. In connection with the property contributed to the joint venture, are several leases which will be paid from the joint venture proceeds. In the event the joint venture has no proceeds, Federal will be required to make the necessary payments. It is not possible to predict the outcome of future operations or whether Federal will be required to make the necessary payments. Consequently, no adjustments have been made that might result from the outcome of the uncertainty.

Madawaska Mines Limited
Madawaska Mines Limited ("Madawaska") is a wholly-owned subsidiary of the Company. Madawaska owns a 51% interest in a Canadian joint venture that is in the process of liquidating certain assets and complying with various regulatory agency guidelines concerning environmental and reclamation obligations for a closed uranium mine facility. Approximately $200, $15,000 and $236,000 of cash of Federal at December 31, 1990, 1989 and 1988 is held in escrow in Madawaska and is subject to withdrawal restrictions related to regulatory compliance. The Company has an unused $1,000,000 letter of credit with a Canadian bank to cover any future liabilities resulting from these procedures. The total liabilities, in Canadian dollars, of Madawaska were $13,433, $7,831 and $88,227 at December 31, 1990, 1989 and 1988, respectively, plus accrued income taxes and accrued interest and penalties of $919,755, $822,103 and $866,016 at December 31, 1990, 1989 and 1988, respectively. The financial statements do not reflect any value for real estate owned by Madawaska.

(5) Notes Payable

At December 31, 1990 and 1989, the Company had notes payable as follows:

	1990	1989
Notes payable to banks at an interest rate of prime plus 1% (11% at December 31, 1990). The notes are secured by substantially all of the assets of the Company. The Company is in violation of certain restrictive covenants under the note agreements	$151,453	161,453

(6) Subordinated Debentures

On March 2, 1987, the Company sold through a private placement memorandum (PPM), 49.506 units at $20,000 per unit consisting of $20,000 in 10.25 percent subordinated debentures totalling $990,120 and warrants to purchase 20,000 shares of common stock. Interest on the subordinated debentures is payable quarterly and the principal is redeemable at the option of the Company at any time until the due date of December 31, 1995. The deferred financing costs related to the private placement memorandum are being amortized on a straight-line basis over the term of the debentures. The Company defaulted on the December 1989 quarterly interest payments and all subsequent quarterly interest payments.

(7) Related Party Transactions

The Company had notes outstanding to the principal shareholder and his affiliated companies of $990,217 and $-0- and accrued interest payable of $35,888 and $-0- at December 31, 1990 and 1989, respectively. The notes carry a 10% interest rate and are due subsequent to December 31, 1991. Interest expense of the notes totaled $35,888, $256,771 and $422,019 for the years ended December 31, 1990, 1989 and 1988, respectively. The 1988 interest amount includes $77,000 paid to the principal shareholder to compensate for his acceptance of a subordinated promissory note from M-WS Holding at a rate of interest below comparable market rates. The Company paid the principal shareholders $95,333 in 1988 as compensation for their guarantee of repayment on certain debt.

The principal shareholder guaranteed repayment of the Company's $2,500,000 term loan established in April 1988. The loan was eliminated as part of the sale of discontinued operations. In connection with the guaranty, a fee of $250,000 recorded as deferred financing costs and a commitment fee of 1% of the outstanding balance, $16,146 in 1988 recorded as interest expense, were paid to the shareholder.

Selling, general and administrative expenses for 1990, 1989 and 1988 include $60,000, $48,136 and $217,800 reimbursed to affiliates of the principal shareholder for allocated office space, clerical salaries and office equipment.

(8) Stockholders' Equity

Restrictions on Dividends

The Company's debt agreements restrict payment of dividends and, in the case of subsidiaries comprising discontinued operations, advances of the subsidiaries' assets to the parent company. At December 31, 1990, substantially all of the Company's net assets were restricted.

Common Stock Warrants

In connection with obtaining the financing for the acquisition of New Generation which was subsequently sold in 1989, the Company granted warrants to the bank to purchase 175,000 shares of common stock at $1.75 per share. The per share price was ultimately reduced to $.75 per share. The warrants are exercisable through June 30, 1993. In connection with obtaining the financing for the acquisition of Kenyon, the Company granted warrants to the bank to purchase 150,000 shares of the Company's common stock at $.60 per share. The warrants are exercisable through April 29, 1993. No warrants have been exercised as of December 31, 1990.

See note 6 for warrants to purchase 990,120 share of common stock issued in conjunction with the private placement memorandum.

Stock Option Plans

The Company has an incentive stock option (ISO) plan pursuant to which options to purchase up to 500,000 share of common stock were authorized for grants to officers and directors of the Company. Options for 100,000 shares granted in 1988 expire in 1993.

The Company also has the 1983 Stock Option Plan pursuant to which options to purchase up to 3,000,000 shares of common stock were authorized for grants to officers and directors of the Company. In 1987, options to purchase 25,000 shares of common stock at $1.25 per share were granted under the plan. The options were terminated upon the officer's resignation in January 1990 without the options being exercised. The terms and exercise provisions of the options are fixed by the board of directors, but are not issued for terms longer than five years. Options for 3,000,000 shares were available for grant at December 31, 1990.

At December 31, 1990 and 1989, there were outstanding options for the purchase of 100,000 shares and 3,325,000 shares, respectively, at prices ranging from $.30 to $1.25 per share in 1990 and 1989. At December 31, 1990 and 1989, options for 100,000 and 1,525,000 shares, respectively, were exercisable.

(9) Income Taxes

No Federal income tax expense for continuing operations has been provided due to net losses from results of operations for the years ended December 31, 1990, 1989 and 1988. No income taxes were recorded on the gain from disposal of discontinued operations as the Company had available net operating loss carryforwards which were utilized to offset the approximate $2,351,000 of income taxes on the gain from the disposal of discontinued operations for the year ended December 31, 1989.

Cumulative net temporary differences as of December 31, 1990, 1989 and 1988 were $2,800,000, $2,950,000, and $3,500,000, respectively. These temporary differences are substantially offset by net operating loss carryovers. Temporary differences are due primarily to differences in the book and tax bases of assets of the acquired business, difference in revenue recognition for financial statements and income taxes for sales of real estate, use of different depreciation methods for financial statements and income taxes, management incentive bonuses, allowance for doubtful accounts and uniform capitalization rules applied to inventory costs for income tax purposes.

In 1987, the Company adopted Financial Accounting Standards Board Statement No. 96 "Accounting for Income Taxes." Adoption of Statement No. 96 had an insignificant effect on the statements of operations for the year ended December 31, 1987.

As of December 31, 1990, net operating loss carryovers for United States federal income tax purposes, along with the respective expiration dates, were as follows:

	Financial Reporting Purposes	Tax Purposes
Expires on December 31:		
1991	$ -	52,000
1992	-	1,006,000
1993	-	1,536,000
1994	-	60,000
1995	-	95,000
1996	-	13,094,000
1997	3,492,000	4,493,000
1998	434,000	880,000
1999	2,344,000	1,712,000
2000	2,375,000	1,860,000
2001	3,314,000	1,678,000
2002	143,000	-
2003	5,073,000	-
2004	-	-
2005	1,034,000	1,034,000
	$18,209,000	27,500,000

(9) Income Taxes - Continued

On the above tax basis net operating loss carryovers, $10,899,000 was generated by the Company and its subsidiaries prior to a merger on April 29, 1983 and are restricted by separate return limitation year regulations.

Investment tax credits and savings from earned depletion claims, when utilizable, will be accounted for using the flow-through method.

(10) Contingencies

The Company is a defendant in litigation relating to the Kenyon subsidiary. The Trustee of the Kenyon bankruptcy is alleging preferential transfers and fraudulent conveyances by Kenyon to the Company and seeks to recover amounts totaling approximately $1.7 million. The Company has denied it is liable to the Trustee and is vigorously defending this suit.

The Company is a third party defendant in a lawsuit regarding environmental issues. The Company has denied it is liable and is vigorously defending this suit. The Company is in violation of certain debt covenants with its bank lenders and debenture holders. The Company has been unable to obtain liability insurance coverage.

The Company is a defendant in various litigation arising in the normal course of business. With respect to this litigation, the Company believes that it has adequate legal defenses and that the outcome will not have a material effect on the Company's consolidated financial position.

(11) Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Because of significant losses and the excess of current liabilities over current assets, the Company's ability to continue as a going concern is dependent on attaining future profitable operations, restructuring its financing arrangements, and obtaining additional outside financing and/or capital. Management is in the process of implementing a plan which will dispose of certain assets of the Company to generate additional working capital. The Company is also in the process of obtaining additional financing or capital. It is not possible to predict the outcome of future operations or whether the necessary alternative financing or additional capital may be arranged. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

Schedule IV

Indebtedness Of and To Related Parties--Not Current

Years Ended December 31, 1990 and 1989

	Balance at Beginning of Period	Indebtedness to Additions	Indebtedness to Deductions	Balance at End of Period
Year ended December 31, 1990				
Bentley J. Blum	-	990,129 (1)	-	990,129
Year ended December 31, 1989	$2,041,029	-	2,041,029	-

(1) Advances of working capital by majority shareholder

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

Schedule V

Property, Plant and Equipment

Years Ended December 31, 1990, 1989 and 1988

	Balance at Beginning of Period	Additions at Cost	Retirements	Other Changes	Balance at End of Period
Year Ended December 31, 1990:					
Land and improvements	$ 101,383	-	-	-	101,383
Buildings	33,424	-	-	-	33,424
Machinery and equipment	2,313,734	-	-	-	2,313,734
Mining claims and leases	138,431	-	-	-	138,431
Deferred mine development costs	1,739,406	-	-	(123,444)(1)	1,615,962
	$4,326,378	-	-	(123,444)	4,202,934
Year Ended December 31, 1989:					
Land and improvements	$ 101,383	-	-	-	101,383
Buildings	33,424	-	-	-	33,424
Machinery and equipment	2,313,734	-	-	-	2,313,734
Mining claims and leases	138,431	-	-	-	138,431
Deferred mine development costs	2,209,985	-	-	(470,579) (1)	1,739,406
	$4,796,957	-	-	(470,579)	4,326,378
Year Ended December 31, 1988:					
Land and improvements	$ 101,383	-	-	-	101,383
Buildings	33,424	-	-	-	33,424
Machinery and equipment	2,313,734	-	-	-	2,313,734
Mining claims and leases	138,431	-	-	-	138,431
Deferred mine development costs	2,321,058	-	-	(111,073) (1)	2,209,985
	$4,908,030	-	-	(111,073)	4,796,957

(1) represents deferred lease revenue

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

Schedule VI

Accumulated Depreciation, Depletion and Amortization Of Property, Plant and Equipment

Years Ended December 31, 1990, 1989 and 1988

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retirements	Other Changes	Balance at End of Period
Year Ended December 31, 1990:					
Land and improvements	$ 3,354	589	-	-	3,943
Buildings	33,901	5,987	-	-	39,888
Machinery and equipment	370,098	7,200	-	-	377,298
Mining claims and leases	-	-	-	-	-
Deferred mine development costs	430,742	-	-	-	430,742
	$838,095	13,776	-	-	851,871
Year Ended December 31, 1989:					
Land and improvements	$ 2,765	589	-	-	3,354
Buildings	27,914	5,987	-	-	33,901
Machinery and equipment	350,097	20,001	-	-	370,098
Mining claims and leases	-	-	-	-	-
Deferred mine development costs	318,742	112,000	-	-	430,742
	$699,518	138,577	-	-	838,095
Year Ended December 31, 1988:					
Land and improvements	$ 2,172	593	-	-	2,765
Buildings	21,932	5,982	-	-	27,914
Machinery and equipment	307,893	42,204	-	-	350,097
Mining claims and leases	-	-	-	-	-
Deferred mine development costs	175,742	143,000	-	-	318,742
	$507,739	191,779	-	-	699,518

FEDERAL RESOURCES CORPORATION AND SUBSIDIARIES

Schedule X

Supplementary Income Statement Information

Years Ended December 31, 1990, 1989 and 1988

	Charged to Costs and Expenses Year Ended December 31,		
	1990	1989	1988
Amortization of deferred financing costs	92,500	92,500	106,940
Amortization of deferred development costs	-	112,000	143,000

Taxes, other than payroll and income taxes, advertising costs, maintenance and repairs, and royalty expenses are not set forth inasmuch as such items do not exceed one percent of total sales as shown in the related consolidated statement of operations.